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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of)

End User Common Line Charges)

FEDERAL COMMUNICATIONS COMMISSION
CC Docket No. 95-72

To: The Commission

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COMMENTS OF THE RURAL TELEPHONE COALITION

The Rural Telephone Coalition ("RTC") by its attorney and pursuant to Section 1.415 of the Commission's Rules, hereby respectfully submits these Comments in response to the Notice of Proposed Rule Making ("NPRM"), released by the Federal Communications Commission ("FCC or Commission") on May 30, 1995, in CC Docket No. 95-72.

I. STATEMENT OF INTEREST

RTC is comprised of rural telephone companies located in rural parts of Texas, Alabama and Tennessee.¹ The NPRM addresses the issue of how to compute the subscriber line charge ("SLC") applicable to local loops used with derived channel services such as Integrated Services Digital Network ("ISDN"). Because RTC members intend to provide ISDN services to their customers in the near future, they will be affected by any rule changes adopted by the Commission in this proceeding. Accordingly, RTC appreciates this opportunity to submit the following comments.

¹ RTC member companies include: Central Texas Telephone Cooperative, Inc. (Texas), Dekalb Telephone Cooperative, Inc. (Tennessee) and Gulf Telephone Company, Inc. (Alabama).

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II. COMMENTS

RTC supports the Commission's decision to reexamine its method for computing the SLC for derived channel services. The Commission's current application of Section 69.104 of its rules, under which a single SLC is assessed against each derived channel of a multichannel facility, increases the common line charges incurred by customers of ISDN services twenty four fold.² Such an increase effectively makes the use of ISDN services cost prohibitive for all but the wealthiest of users. The increased cost of obtaining ISDN services serves as a barrier to obtaining such services for the small businesses and rural customers who reside in RTC member companies' service areas. Accordingly, retention of the current policy effectively denies rural America the benefits of ISDN and other advanced multichannel telecommunications service offerings. In commencing this proceeding, the Commission correctly recognizes that limiting the availability of such offerings is not in the public interest.

² In a recent order, the FCC affirmed the conclusion of its Common Carrier Bureau that Section 69.104 of its rules requires assessment of a single SLC for each derived channel. See NYNEX Telephone Companies Revisions to Tariff F.C.C. No. 1, Transmittal No. 116, 10 FCC Rcd 2247 (1995). Because Primary Rate Interface ("PRI") ISDN service consists of twenty four channels, this ruling increases the potential monthly cost of obtaining such service for a multiline business user from \$6.00 (priced on a per-facility basis) to \$144.00 priced on a per-channel basis). The potential monthly cost for residential and single line business customers would increase from \$3.50 to \$84.00.

The Commission proposes several alternatives for calculating SLCs for service offerings over a multichannel facility including:

- (1) assessing a single SLC per facility (such as a standard local loop or T-1 facility), regardless of the number of channels derived from that facility;
- (2) assessing a single SLC per facility for Basic Rate Interface ("BRI") ISDN (which uses one twisted pair of copper wires) and two SLCs per facility for PRI ISDN (which uses two copper pairs);
- (3) basing the number of SLCs to be applied to ISDN facilities on a ratio of the average local exchange carrier ("LEC") cost of providing a derived channel service to the average cost of providing an ordinary local loop or T-1 connection;
- (4) reducing current SLCs for derived channel connections by 50% (i.e., charging one SLC for every two derived channels);
- (5) permitting LECs to impose a reduced number of SLCs for derived channel services, accompanied by a small increase in SLC rates; and
- (6) permitting LECs to apply fewer SLCs for derived channel services than the current rules require, but adjusting the price cap rules to prevent this from leading to an increase in carrier common line ("CCL") charges.

RTC urges the Commission to adopt the first option set forth above. Application of the SLC for derived channel services on a per-facility basis represents a realistic allocation of the network costs attributable to each customer. More importantly, such an approach will eliminate existing regulatory barriers to the use of ISDN technology, thereby facilitating both business and residential user access to the benefits of the National Information Infrastructure. The elimination of such barriers is particularly important in rural areas where potential users of

derived channel services are even less likely than their urban counterparts to be able to afford such services under the current scheme for assessing SLCs.

While RTC believes that applying the SLC for multichannel facilities on a per-facility basis is the most beneficial approach for potential users of ISDN and other derived channel services, it recognizes that any reduction in SLC revenues may have an effect on interstate toll rates. Should the Commission decline to apply SLCs on a single SLC per-facility basis as urged by RTC, the Commission should consider adopting the variation on this approach as described in Option 2 above. Assessing a single SLC per facility for BRI ISDN and two SLCs per facility for PRI ISDN will minimize any potential price favoritism afforded large business users of derived channel services under the first approach.

Options 3 through 6 above represent an intermediate approach between the current method of applying SLCs for derived channel services (the per-derived channel approach) and the per-facility approach. While such approaches fail to fully remove current regulatory impediments to economical use of derived channel services, and are likely to have a less beneficial impact than the per-facility approach recommended by RTC, they nonetheless represent a step in the right direction. Should the Commission choose to adopt one of these intermediate approaches, Option 3 represents the most appropriate application of SLCs to multichannel services. By setting the number of SLCs based on a


ratio of the cost of providing a derived channel service and the cost of providing an ordinary local loop or T-1 connection, the Commission will ensure an appropriate correlation between SLCs and the LEC's cost of providing derived channel services while reducing the amount of SLCs from their current excessive level.

For the foregoing reasons, RTC respectfully requests that the Federal Communications Commission act in accordance with the views expressed herein.

Respectfully submitted,

RURAL TELEPHONE COALITION

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